

EXHIBIT A

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Because of the ESD

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(1) problems, many TFTs were come up as dead. So in (2) order to resolve that ESD problems, we came up (3) with various ideas and we tried a lot of (4) different schemes.

(5) However, there was not much (6) success. In that we came across this patent and (7) we read it and we thought that indeed this is (8) the fundamental resolution for that pesky ESD (9) problems.

(10) Q: Now, after you reviewed the '002 (11) patent, did you undertake any steps at LGE with (12) respect to the technology shown in the '002 (13) patent?

(14) A: Yes, of course I did. As soon as (15) we read this patent we thought this is the (16) process that could resolve the ESD problems. (17) And we designed a process that utilized the (18) inner guard ring and outer guard ring that are (19) taught by this patent.

(20) When we applied the processes that (21) utilized inner guard ring and outer guard ring, (22) we were able to solve the ESD problems. So it (23) was a tremendous technology for us. And we have (24) conducted some tests comparing the processes

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(1) that use inner guard ring and outer guard ring (2) versus the processes that do not use that (3) technology, and there was indeed a tremendous (4) difference, tremendous difference in yield (5) rates.

(6) Q: And as a result of those tests, (7) what yield rate increase did LGE achieve?

(8) MR. RHODES: Objection. Leading.

(9) THE COURT: The objection will be (10) sustained.

(11) BY MR. BONO:

(12) Q: What was the result of the testing (13) that LGE performed?

(14) A: Yes, we conducted tests comparing (15) the products that utilized inner guard ring and (16) outer guard ring, and the products that did not (17) utilize inner guard ring and outer guard ring (18) and we compared the survival rate of those two.

(19) Q: And what did that comparison show?

(20) A: Although there were some slight (21) differences between modules, in general there (22) were about ten percent increase, at least ten (23) percent.

(24) Q: Now, after you completed your

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(1) position as an LCD engineer, what was the next (2) position that you had at LG

Electronics?

(3) A: I became IP manager.

(4) Q: All right. And what were — what (5) became — strike that.

(6) What were your responsibilities as (7) IP manager when you assumed that position?

(8) A: Although I performed almost every (9) aspect of IP business, I was especially involved (10) in licensing, initiation and purchasing — (11) purchasing patents.

(12) Q: And during what period of time (13) were you IP manager?

(14) A: From 1994 until 2004, for 11 (15) years.

(16) Q: Now, were you involved in the (17) purchase of the '002 patent?

(18) A: Yes, of course.

(19) Q: And would you explain your (20) involvement with the purchase of the '002 (21) patent?

(22) A: Yes. I — as I have explained it (23) before, after we read this '002 patent, we (24) applied the technology and thereby solved the

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(1) ESD problems.

(2) So as soon as I became IP manager, (3) the first test that I put myself into was effort (4) to purchase this particular patent.

(5) Q: And what — what did you do, Mr. (6) Lee, to purchase the '002 patent?

(7) A: We made a contact with Honeywell (8) in order to buy this patent in 1995. (9) Surprisingly, the Honeywell made an offer of (10) seven — a package of seven patents including (11) this particular patent for \$1.2 million.

(12) I was overjoyed because my feeling (13) was that this patent must be used by almost (14) everyone in the industry, and everyone must use (15) this — this patent in this industry. And I (16) thought it had a great — almost difficult to (17) assess the greatest value in it.

(18) Although at that time, the size of (19) LCD market was not large, our belief was by (20) using this technology, the LCD market would (21) become one of the great ones.

(22) So we accepted \$1.2 million offer (23) without complaint, and that's how we bought it.

(24) MR. BONO: Exhibit 41. Turn to

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(1) the second page.

(2) BY MR. BONO:

(3) Q: Mr. Lee, let me show you what's (4) been marked as Exhibit 41.

(5) MR. BONO: May I approach the (6) witness, Your Honor, just to give him an

exhibit (7) book?

(8) THE COURT: Yes, sure.

(10) BY MR. BONO:

(11) Q: And Mr. Lee, you have a copy of (12) the exhibits in those notebooks. And so if you (13) could turn to Exhibit 41, Tab 41, please.

(14) Now, Mr. Lee, is Plaintiff's (15) Exhibit 41 the purchase and sale agreement (16) between Honeywell and LG Electronics for the (17) purchase of those patents, including the '002 (18) patent?

(19) A: That is correct.

(20) Q: Can I ask you now to look at (21) exhibit — Plaintiff's Exhibit 2?

(22) Mr. Lee, I'm showing you now (23) Plaintiff's Exhibit 2. Is that the assignment (24) of the patent from Mr. Holmberg to Alphasil,

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(1) Inc.?

(2) MR. RHODES: Objection; leading. (3) You've got to change it a little bit.

(4) MR. BONO: All right.

(5) BY MR. BONO:

(6) Q: Can you identify that document?

(7) A: This is assignment document (8) showing that the inventor, Mr. Scott Holmberg, (9) was assigning this patent to Alphasil company.

(10) Q: And was that assignment filed with (11) the United States Patent Office?

(12) A: That is correct.

(13) Q: Would you please now turn to (14) Plaintiff's Exhibit 139?

(15) MR. BONO: Your Honor, may I (16) approach to help him find it?

(17) THE COURT: Yes, you may.

(18) BY MR. BONO:

(19) Q: Now, Mr. Lee, can you please (20) identify this document?

(21) A: This is — this is an assignment (22) document that assigns the patent to Honeywell by (23) Alphasil.

(24) Q: And was this assignment filed with

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(1) the United States Patent Office?

(2) A: That is correct.

(3) Q: Would you please turn to Exhibit (4) 140?

(5) A: Yes.

(6) Q: Can you identify this document?

(7) A: This is, again, an assignment (8) document by Honeywell assigning seven patents, (9) including '002 patent to LG Electronics.

(10) Q: And was that assignment filed with (11) the United States Patent Office?

[12] A: Yes, it is.

[13] Q: Okay. Please turn to Plaintiff's [14] Exhibit 141.

[15] A: Yes.

[16] Q: And would you please identify that [17] document?

[18] A: This is an assignment document by [19] LG Electronics to LG Philips LCD. And it [20] assigns 376 patents, including '002 patent.

[21] Q: And was this assignment filed with [22] the United States Patent Office?

[23] A: That is correct.

[24] Q: Now, Mr. Lee as part of your — is

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[1] part of your responsibilities as IP manager from [2] 1994 through 2004 the enforcement of patents?

[3] A: Yes, of course.

[4] Q: Now, has LG Philips enforced the [5] '002 patent with respect to other companies?

[6] A: Yes, of course. [7] Yes, of course. After we have [8] purchased this patent in 1995, we invested — we [9] conducted some investigation, and we noticed [10] that NEC was using this patent. And we notified [11] NEC in 1997 and informing them that they were [12] infringing our patent, and began negotiation.

[13] And after about six months, we [14] also notified Mitsubishi that they were [15] infringing '002 patent. And we began [16] negotiating with them as well.

[17] Q: Would you explain to the members [18] of the jury, who is NEC?

[19] A: Yes. NEC was one of the stronger [20] players at that time.

[21] NEC's LCD ranking was about fourth [22] in the world. Mitsubishi also was one of the [23] stronger players in that field. Their LCD [24] ranking in the world was, I think, about fifth.

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[1] Q: As a result of notifying NEC, what [2] was the result of your negotiations?

[3] A: With NEC, we signed cross [4] licensing contract.

[5] Q: And what was the — what was the [6] result of your negotiations with Mitsubishi?

[7] A: Although Mitsubishi was one of the [8] stronger in LCD market at that time, LCD — [9] excuse me, Mitsubishi was concentrating on [10] Japanese domestic market. And it was not [11] exporting LCD to the United States.

[12] So we did not have much leverage [13] to negotiate with them.

[14] Q: Now, I may have asked you this [15] before, I apologize. But my question is: When [16] did you first approach Mit-

subishi, in what year, [17] informing them that they were infringing the [18] '002 patent?

[19] A: It was either — it was either [20] late 1987 or early 1988. Oh, I'm sorry.

[21] I'm sorry. What I meant to say [22] was it was either in 1997 or 1998.

[23] Q: Okay. Thank you. [24] Have you negotiated licenses with

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[1] any other companies covering the '002 patent?

[2] A: Yes, of course. We did a [3] negotiation with Hitachi and Toshiba.

[4] At that time, Hitachi was one of [5] the strongest players. Sharp was the number [6] one, and Hitachi was the second.

[7] Q: Did Hitachi and Toshiba sign [8] license agreements with LG Philips?

[9] A: Yes. We did sign cross licensing [10] contract with Hitachi, as well as Toshiba.

[11] Q: Now, Mr. Lee, I would like to ask [12] you to turn your attention now to Plaintiff's [13] Exhibit 46.

[14] A: Thank you.

[15] Q: Now, Mr. Lee, would you identify [16] this document?

[17] A: Yes. This is a letter sent by LG [18] Philips LCD to Chung — Chunghwa Picture Tubes [19] in 1902. I meant to say 8th of February of [20] 2002.

[21] Q: Now, were you — were you the [22] person at LG Philips responsible for sending [23] this letter to Chunghwa Picture Tubes?

[24] A: Yes, I was.

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[1] Q: Okay. And what was the purpose of [2] sending this letter to Chunghwa Picture Tubes?

[3] A: This was to inform Chunghwa [4] Picture Tubes that they were infringing eight [5] patents of ours, including '002 patent.

[6] And, also, we proposed to meet [7] either March 13th or March 15th in order to [8] discuss — in order to discuss this matter for [9] two days on March 13th and March 15th.

[10] Q: Now, prior to sending this letter [11] to Chunghwa Picture Tubes, what had LG Philips [12] done prior to sending this letter?

[13] A: We — we took Chunghwa Picture [14] Tubes 14-inch LCD display for notebook and [15] 15-inch display for monitor, and reverse [16] engineered, and analyzed that — analyzed those [17] in order to see if they were infringing our [18] patents.

[19] Also, as we had been analyzing [20] Mitsubishi product for a long time before that, [21] we were aware that the CPT's design was almost [22] the same as

Mitsubishi design. So we were aware [23] that they were almost identical.

[24] THE INTERPRETER: Counsel, may the

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[1] interpreter ask for clarification to the [2] witness?

[3] MR. BONO: Yes. I have no problem [4] with that.

[5] THE WITNESS: They were exactly [6] identical with Mitsubishi design. And we were [7] able to confirm that through various different [8] processes.

[9] BY MR. BONO:

[10] Q: And as a result of that analysis, [11] what did it show LG Philips?

[12] A: In '002 patent, with respect to [13] inner guard ring and outer guard ring, after the [14] product is completed, the outer guard ring is to [15] be cut off from the glass.

[16] So it would be difficult to [17] confirm the existence of outer guard ring from [18] the product. However, one could discern the [19] remains of the outer guard ring. The — that [20] can be confirmed from the product.

[21] One can discern the connecting [22] part of the outer guard ring that remained [23] behind after it was being cut off.

[24] It was almost the same, exactly

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[1] the same as what we had confirmed when we [2] analyzed NEC product, as well as the result we [3] obtained when we analyzed Mitsubishi product.

[4] INTERPRETER PARK: If I may, [5] counsel, and if I may, Your Honor, I'd like to [6] make a correction to the previous statement by [7] the witness, please.

[8] Although it is difficult to see [9] the outer guard ring after glass is cut off, we [10] would be able to see the remaining portion, [11] which is the connection portion to the outer [12] guard ring after the glass is cut off.

[13] INTERPRETER KIM: I don't have any [14] objection. I don't see any difference, though.

[15] INTERPRETER PARK: I do.

[17] BY MR. BONO:

[18] Q: Okay. After you — after LG [19] Philips sent this February 8, 2002 letter to [20] Chunghwa Picture Tubes, did Chunghwa Picture [21] Tubes respond to this letter?

[22] A: No, they did not.

[23] Q: Can you please turn now to Exhibit [24] 142.

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[1] A: Yes.

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[2] Q: Would you please identify this [3] document.

[4] A: This is a letter sent by LG [5] Philips LCD to Chunghwa Picture Tubes on [6] February 27th of 2002.

[7] Q: And what was the purpose of [8] sending this letter to Chunghwa Picture Tubes?

[9] A: Yes. Because although we have [10] sent a letter proposing to meet March 14th and [11] 15th in early February, there was no answer, so [12] we have sent this follow-up letter.

[13] And also we notified them that if [14] it were impossible to resolve this problem of [15] infringement in amicable way, then LG Philips [16] LCD did not have any other means then resorting [17] to legal procedures.

[18] Q: Can you now go to Exhibit 143. [19] Can you please identify what's been marked now [20] as Exhibit 143?

[21] A: Yes. This is a letter sent by [22] Chunghwa Picture Tubes to LG Philips LCD on [23] March 5th of 2002.

[24] Q: And did this letter respond to the

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[1] prior two letters?

[2] A: Yes. They acknowledged having [3] received the two previous letters that we sent [4] and agreed accepting our proposal to meet on [5] March 15th.

[6] Q: Can you please turn to Plaintiff's [7] Exhibit 144, Mr. Lee, and can you please [8] identify this letter?

[9] A: Yes. This is a letter sent by LG [10] Philips LCD to Chunghwa Picture Tubes on March [11] 7th of 2002.

[12] Q: And what was the purpose of [13] sending this letter to Chunghwa Picture Tubes?

[14] A: Yes. Surprisingly we did receive [15] a letter from Chunghwa Picture Tubes on March [16] 5th telling us that they would accept our [17] proposal to meet on March 15th. However, [18] surprisingly two days later on March 7th, we [19] received a new letter. In that letter they [20] informed us that it was impossible for them to [21] meet on March 15th and asked us to postpone that [22] meeting.

[23] So having received the second [24] letter within two days, we were fairly upset,

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[1] however, in order to resolve this matter through [2] amicable negotiation, we proposed to meet on [3] April 18th and April 19th.

[4] Q: Mr. Lee, let me now direct your [5] attention to Exhibit 145. And would you please [6] identify this letter?

[7] A: This is a letter sent by LG [8] Philips LCD to Chunghwa Picture Tubes on March [9] 26th of 2002.

[10] Q: And what was the reason for [11] sending this letter to Chunghwa Picture Tubes?

[12] A: Yes. By this time we have [13] received from them request to postpone to [14] meeting on March 15th and we notified them that [15] the meeting will be postponed to 18th of April, [16] however, we had not received — we have not [17] received any reply from them.

[18] Accordingly, we were quite upset [19] by this time because although we have agreed to [20] their request for postponing the meeting, and [21] yet CPT would not respond.

[22] So we informed them that if [23] Chunghwa Picture Tubes did not have any way to [24] resolve this matter through amicable

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[1] negotiation, then we don't have any other way [2] then resorting to a drastic measure.

[3] Q: Can you go to the next exhibit, [4] please, 146.

[5] Mr. Lee, let me direct your [6] attention now to Exhibit 146. Can you please [7] identify this letter?

[8] A: This is a letter sent by LG [9] Philips LCD to Chunghwa Picture Tubes on May 8th [10] of 2002.

[11] Q: And what was the reason why this [12] letter was sent?

[13] A: Even though we have sent several [14] letters to them, they still had not responded to [15] our letters. We have negotiated with quite a [16] few companies before CPT with respect to '002 [17] patent as well as other patents, and we never [18] had a company as difficult to meet as with CPT.

[19] Q: Did you — as a result of this [20] letter — or strike that

[21] What was the result of you sending [22] this letter to Chunghwa Picture Tubes?

[23] A: In this letter we proposed to meet [24] on June 10th, and finally with received a reply

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[1] — June 11th, and finally we have received [2] reply.

[3] Q: And did there — strike that. [4] Was there then a meeting conducted [5] between LG Philips and Chunghwa Picture Tubes in [6] June of 2002?

[7] A: Yes.

[8] Q: Now, who conducted — strike that. [9] Where was that meeting?

[10] A: We met at the office of Chunghwa [11] Picture Tubes in Taiwan.

[12] Q: And who conducted that meeting on [13] behalf of LG Philips?

[14] A: I did.

[15] Q: And what did you tell Chunghwa [16] Picture Tubes during that meeting?

[17] A: I explained that Chunghwa Picture [18] Tubes was infringing eight patents that were [19] held by LG Philips LCD, including '002 patent. [20] And additionally we handed over our licensing [21] agreement and proposed the terms of our [22] licensing agreement.

[23] And finally we told them that we [24] would like to have the counterproposal and

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[1] response to our proposal from Chunghwa Picture [2] Tubes by 5th of July, and Chunghwa Picture Tubes [3] agreed to that.

[4] Q: During the meeting with Chunghwa [5] Picture Tubes, did you discuss specific — any [6] specific Chunghwa Picture Tubes products with [7] them during that meeting?

[8] A: Yes, I did. I explained the [9] 14-inch display for notebook and 15-inch display [10] for monitor, which we analyzed before.

[11] Q: Now, did you have a presentation [12] that — a written presentation that you [13] presented to Chunghwa Picture Tubes at that [14] meeting?

[15] A: Yes, there was.

[16] THE COURT: Mr. Bono, I think [17] before we — let us take our morning break, [18] fifteen minutes. We'll take a fifteen-minute [19] recess.

[20] Jury leaving the courtroom at [21] 11:15 a.m.)

[22] THE COURT: All right. We'll be [23] in recess for fifteen minutes.

[24] (A brief recess was taken.)

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[1] THE COURT: All right. The jury [2] is on its way in.

[3] Jury entering the courtroom at [4] 11:35 a.m.)

[5] THE COURT: All right. Be seated, [6] please.

[7] Mr. Bono.

[8] MR. BONO: Thank you, Your Honor.

[9] BY MR. BONO:

[10] Q: Mr. Lee, would you please turn now [11] to Exhibit 47.

[12] A: Yes.

[13] MR. BONO: May I approach the [14] witness, Your Honor?

[15] THE COURT: Yes, you may.

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(16) MR. BONO: Thank you.
(17) THE WITNESS: Yes, I have it.
(18) BY MR. BONO:

(19) Q: Thank you. (20) Can you please identify Exhibit (21) 47?

(22) A: This material is one of the (23) materials that we used in the presentation and (24) explanation in the meeting between LG Philips,

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(1) LG Philips LCD and Chunghwa Picture Tubes on (2) 11th of June in 2002 at Chunghwa Picture Tubes' (3) office in Taipei, Taiwan.

(4) Q: Does Exhibit 47, which is a (5) multi-page document, does it show the particular (6) products that you discussed at that meeting with (7) Chunghwa Picture Tubes?

(8) A: Yes, that's correct. These are (9) the materials that came out of analysis we have (10) performed on 14-inch LCD for notebook computer (11) and 15-inch LCD for monitor.

(12) Q: And looking at page one of this (13) presentation, is that the monitor product of (14) Chunghwa Picture Tubes that you discussed?

(15) A: That is correct.

(16) Q: And let me show you what is page (17) 14 of the presentation. Does this show the (18) 14-inch product that you discussed at the (19) meeting?

(20) A: Yes, that's correct. This is the (21) 14-inch LCD for a notebook computer.

(22) Q: And looking at page 15, does this (23) show another 14-inch product of Chunghwa Picture (24) Tubes that you discussed at this meeting?

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(1) A: That is correct.

(2) Q: Mr. Lee, what did you discuss at (3) the meeting concerning the '002 patent?

(4) MR. BONO: May I approach the (5) witness, Your Honor?

(6) THE COURT: Yes.

(7) MR. BONO: Because it's not (8) numbered.

(9) THE WITNESS: Although the picture (10) is not that clear, if you look at this area, (11) this area that I'm pointing at, this shows the (12) remainder of the connecting part that remained (13) behind after the outer guard ring was cut off (14) when the product was completed.

(15) MR. BONO: Your Honor — excuse (16) me.

(17) THE WITNESS: And therefore —

(18) MR. BONO: Excuse me. Your Honor, (19) I apologize. This picture is as you see very (20) unclear. I wonder if I could show the jury the (21) actual pages?

(22) THE COURT: Show Mr. Rhodes and (23) then we can put it up for publication.
(24) MR. RHODES: Okay. No objection.

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(1) THE COURT: Thank you. You can (2) publish it.

(3) MR. BONO: May I just hand this to (4) the jury, Your Honor?

(5) THE COURT: Sure.

(6) BY MR. BONO:

(7) Q: Mr. Lee —

(8) MR. BONO: May I approach the (9) witness?

(10) THE COURT: Are there multiple (11) copies?

(12) MR. BONO: No, there are just (13) three pages. I don't have multiple copies.

(14) THE COURT: Just explain that to (15) the jury.

(16) MR. BONO: I have handed you pages (17) 9 and 10 and 11 of the presentation which we are (18) now going to discuss.

(19) THE COURT: Thank you.

(20) MR. BONO: Your Honor, I'll (21) proceed.

(22) THE COURT: Sure.

(23) BY MR. BONO:

(24) Q: I'll ask the question, put us back

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(1) on track.

(2) Mr. Lee, what did you discuss at (3) the June meeting concerning the '002 patent?

(4) A: Yes. I showed this picture and (5) pointing out this area that I'm pointing at (6) right now showing that connecting part that was (7) cut off from outer guard ring and telling them (8) because of this remaining connecting part, the (9) Chunghwa Picture Tubes is using outer guard (10) ring, and thereby infringing '002 patent.

(11) Q: This is page 10 of the (12) presentation. And what did you tell Chunghwa at (13) the meeting concerning the '002 with respect to (14) this picture?

(15) MR. RHODES: Objection. Leading.

(16) MR. BONO: I'll rephrase the (17) question, Your Honor.

(18) Q: What else did you tell Chunghwa (19) Picture Tubes about the '002 patent at this (20) meeting?

(21) A: Likewise in this picture, the (22) parts that — the area that I'm pointing at (23) right now, I point to that area point and (24) explain that because of the connecting part that

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(1) shows here, that proves that Chun-

ghwa Picture (2) Tube was using outer guard ring on this product (3) as well and infringing '002 patent.

(4) Q: Mr. Lee, can you now turn to (5) Plaintiff's Exhibit 50?

(6) A: Yes, I have it.

(7) Q: Can you please identify (8) Plaintiff's Exhibit 50?

(9) A: This is the licensing agreement (10) that we handed over to Chunghwa Picture Tube on (11) June 11th meeting.

(12) Q: Can you explain to the jury, in (13) general, what were the terms of the licensing (14) agreement that LG Philips proposed to Chunghwa (15) Picture Tubes at this meeting?

(16) A: Yes. This agreement offers all — (17) all patents that LG Philips has, including '002 (18) patent as a licensing worldwide — on worldwide (19) basis. And for that, we were requesting — we (20) were proposing 2.5-percent running royalty rate.

(21) This is a — on worldwide basis. (22) And if one is to designate a specific region or (23) specific country, that rate would go up.

(24) Q: Now, in a licensing negotiation,

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(1) which relates to only the '002 patent, if (2) Chunghwa Picture Tubes were saving \$100, what (3) royalty would LG Philips want?

(4) A: In principle, because that's the (5) amount — amount of the cost that has been (6) saved, in principle, it would be fair that — (7) fair to get 100 percent of the saving.

(8) However, considering the effort (9) that Chunghwa Picture Tube have put into, to be (10) fair, I would say 50-percent split would be (11) fair.

(12) MR. BONO: Can we please turn to (13) Exhibit 147?

(14) BY MR. BONO:

(15) Q: Mr. Lee, can you please look at (16) Plaintiff's Exhibit 147? And please identify (17) that document.

(18) A: This is a letter sent by LG (19) Philips LCD to Chunghwa Picture Tube on July (20) 30th of 2002.

(21) This letter mentions the fact that (22) LG Philips LCD and Chunghwa Picture Tube has (23) agreed on June 11th meeting on certain matters.

(24) Chunghwa Picture Tube promised us

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(1) that they would come back to us with their own (2) counter proposal by the 5th of July. (3) Surprisingly, we received — just before this (4) letter on 22nd of July, we received a letter (5) from Chunghwa Picture Tube.

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[24] having a meeting with CPT in June of 2002;

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[1] correct?

[2] A: That's correct.

[3] Q: Incidentally, you speak English, [4] don't you?

[5] A: Yes, a little bit.

[6] Q: And you read English; right?

[7] A: Yes, to a little extent.

[8] Q: In fact, when you prepared with [9] Mr. Bono for your deposition, you spoke to him [10] in English; right?

[11] A: On certain occasions I did, and [12] other — and on other occasions I used the [13] interpreter.

[14] Q: Now, during that meeting in June, [15] 2002 with CPT, you were speaking English with [16] them; is that correct?

[17] A: That is correct.

[18] Q: Now, at that meeting in June of [19] 2002 with CPT, that was a general introduction, [20] not a deep technical discussion; right?

[21] A: Yes. However, we had already [22] prepared claim charts and since they were aware [23] of the technical — and since they were aware of [24] the problems since February, we have provide

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[1] them with enough technical information by that [2] time.

[3] Q: But you'll agree that CPT was not [4] prepared to have a technical meeting and [5] technical discussions with you; right?

[6] A: I thought that since they have had [7] six months period — excuse me, four months [8] period, I thought that they would have [9] understood our technology sufficiently.

[10] Q: Well, let me direct you to your [11] deposition testimony from July 3rd, 2006, again, [12] page 122, lines 1 to 6.

[13] "ANSWER: And another thing was [14] that this was the first meeting, so I don't [15] believe that CPT was prepared to have a [16] technical meeting with technical discussions. [17] So rather than having any deep technical [18] discussions, I believe that we gave a general [19] introduction."

[20] A: That's correct.

[21] Q: Could we put PTX 46 up on the [22] screen.

[23] Now, Mr. Lee, we talked about this [24] letter this morning; right?

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[1] A: Yes, that's true.

[2] Q: Now, if you look at PTX 46, if [3] you'll just read through that for a mom-

ent, will [4] you please tell me where it says infringe or [5] infringement in that letter anywhere?

[6] A: Yes. In this letter we are simply [7] saying that we are willing to offer licenses for [8] all our technology.

[9] Q: In fact, in the second paragraph [10] it says as examples you may wish to review U.S. [11] patent numbers and it list eight patents; right?

[12] A: Yes, that's correct.

[13] Q: And if you look at the next [14] paragraph, it says, "Should your company wish to [15] discuss the above identified patents." Correct?

[16] A: That's correct.

[17] Q: And it says, "We will be happy to [18] visit your company on any one day between March [19] 14 and March 15." Right?

[20] A: That's correct.

[21] Q: And those were dates of your [22] choosing; correct?

[23] A: That's correct.

[24] Q: You didn't ask CPT for any

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[1] convenient dates for them; right?

[2] A: Yes, we didn't ask that, however, [3] we didn't hear the answer for this letter, [4] either.

[5] Q: You know what Chinese New Years [6] is, don't you?

[7] A: Yes, of course I do.

[8] Q: Now, can you put up PTX 142 for [9] me, please. And just put both letters on the [10] screen. And if you can enlarge PTX 142 a little [11] bit so we can read it.

[12] And I would like to refer your [13] attention to PTX 142 which is on the right-hand [14] side of the screen. And the first line it says, [15] "On February 8, we wrote to you and asked for a [16] meeting to discuss the unauthorized use of [17] technology owned by LG Philips LCD Company by [18] Chunghwa Picture Tubes."

[19] A: That's correct.

[20] Q: And that first sentence of that [21] letter is incorrect; right?

[22] A: Well, there may be a little bit of [23] difference of opinion regarding the expression [24] that is used, but I think largely the substance

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[1] is correct.

[2] Q: Well, let's look at the second [3] sentence of that paragraph. "In that letter, we [4] asked for a meeting to discuss the issue of [5] patent infringement with CPT."

[6] A: That's correct.

[7] Q: And that sentence isn't correct, [8] either, is it?

[9] A: Well, you may not say it is 100 [10] percent correct, but you say it's more or less [11] the same vein.

[12] MR. RHODES: And can you put — [13] Defendants' Exhibit 58, please?

[14] INTERPRETER PARK: If I may, if I [15] could make a correction to the last statement by [16] the witness.

[17] I wouldn't think that it is 100 [18] percent identical in meaning, but more or less, [19] I would think it is the same meaning.

[20] MR. RHODES: Put those back up.

[21] INTERPRETER KIM: I respectfully [22] disagree, but the Korean rendition is on the [23] record.

[24] BY MR. RHODES:

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[1] Q: The February 27th letter says, in [2] that letter, February 8th 2002, we asked for a [3] meeting to discuss this issue of patent [4] infringement with CPT.

[5] Which part of the February 8th [6] letter is identical to that sentence?

[7] A: Well, it may not be identical. It [8] is some softened out. And in large sense, I [9] think that's, more or less, the same substance [10] if you read, as example, you may wish to review.

[11] Q: Okay. So my understanding is that [12] may wish to review is identical with the issue [13] of patent infringement.

[14] That's your answer; is that [15] correct?

[16] A: Not true. It's not exactly [17] identical. However, in February 8th letter, we [18] asked him to reply by February 26th.

[19] If they had — if they had replied [20] by that time for that letter, then we would have [21] used different expression. Since they had not, [22] we sort of expended the expression to a stronger [23] connotation, because there was no reply.

[24] Although that was — the substance

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[1] was more or less the same, we made it stronger. [2] Since we have made it stronger.

[3] Q: Okay. And you've already said [4] that you know what Chinese New Year's is; right?

[5] A: That's correct.

[6] Q: Now, looking at both of those [7] letters, PTX 46 and PTX 142, neither one of [8] those letters identifies a single CPT product, [9] does it?

[10] A: True. However, on the February [11] 27th letter, we do mention unauthorized use of [12] technology. This refers to the general product [13] by CPT.

[14] Q: All right. But you will agree [15] that there's no specific CPT products identified [16] in either one of those letters; right?

[17] A: That's correct.

[18] Q: And there are no specific claims [19] of any of those patents set out in those [20] letters; right?

[21] A: That's correct.

[22] MR. RHODES: Go to Exhibit 58. [23] PTX 58.

[24] BY MR. RHODES:

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[1] Q: Now, this is a copy of the patent [2] license agreement draft proposal that you gave [3] to CPT at the June meeting; correct?

[4] A: That's correct.

[5] Q: And in that license agreement, you [6] were proposing a royalty rate of 2.5 percent; [7] right?

[8] A: That's correct.

[9] Q: And that was supposed to be a [10] licensing rate for the entire LPL portfolio [11] relating to LCDs; right?

[12] A: That's correct.

[13] Q: Now, when we were looking at the [14] February 8th letter earlier, PTX 46, did I [15] identify the patents that LPL wanted to license [16] to CPT?

[17] A: Which contract and which letter?

[18] Q: Well, let's go back. It's PTX 46. [19] Incidentally there was 447 or so [20] patents in LPL's portfolio at that time; isn't [21] that right?

[22] A: Yes, although I don't quite [23] remember the precise number. It sounds right.

[24] Q: I don't remember the precise

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[1] number, but it sounds right to me, too.

[2] Now, did you identify all the [3] patents in your portfolio in the February 8th [4] letter to CPT?

[5] A: Does the counsel mean this [6] particular letter?

[7] Q: Yes, this letter. Did you [8] identify it?

[9] A: No, just — we identified just [10] few.

[11] Q: All right. Let's go to PTX 142. [12] Now, did you provide CPT with the [13] list of the patent portfolio that you wanted [14] them to license in this — this letter?

[15] A: No, we did not.

[16] Q: And let's go to PTX 145. [17] And that is a March 26th, 2002 [18] letter to CPT. Now, again you didn't supply the [19] list of all the patents you wanted CPT to [20] license in this letter, either, did you?

[21] A: That's correct.

[22] Q: And let's go to PTX 146.

[23] A: However, they never required or [24] asked us for such information.

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[1] Q: And that's your testimony?

[2] A: That's my supplemental [3] explanation.

[4] Q: Okay. Let's go to PTX 146. [5] Now, you didn't supply the list of [6] patents in that letter, either, did you?

[7] A: That's correct.

[8] Q: And if we can go to DTX 120. Now, [9] we're up to May 17th, 2002.

[10] Did you supply the list of all the [11] 400-plus patents in this letter?

[12] A: We did not.

[13] Q: And if we can go to DTX 121. [14] Now, we're up to May 31st, 2002. [15] Did you supply the list of 400-plus patents to [16] CPT in this letter?

[17] A: We did not.

[18] Q: All right. Let's go to DTX 123. [19] Now we're up to July.

[20] Now, in this letter you state [21] that, We provided CPT our standard licenses [22] agreement during our June 11 meeting.

[23] Do you see that?

[24] A: Yes, I did.

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[1] Q: And you didn't supply the list of [2] 400-plus patents to CPT in this letter, either; [3] right?

[4] A: That's correct.

[5] Q: Then let's go to DTX 125. [6] Now, we're up to July 30th, 2002. [7] And the second paragraph, the last sentence, it [8] says a list of patents available for licensing [9] is attached to this letter.

[10] A: That's correct.

[11] Q: And if we go to Page 2 of that [12] exhibit. Is that a list of the LPL patents that [13] you wanted CPT to pay a 2.5-percent royalty for?

[14] A: That's correct.

[15] Q: And if we go to Page 2 of that [16] exhibit.

[17] And this is the last page of the [18] three-page document of DTX 124. And that's the [19] remainder of the patents that you wanted CPT to [20] license at that 2.5-percent royalty; correct?

[21] A: That's correct.

[22] Q: Okay. So starting in February of [23] 2002, when you first sent the letter to CPT, in [24] February, you didn't give them a list with all

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[1] the patents; correct?

[2] A: Correct.

[3] Q: And in March you didn't give them [4] a list, either; right?

[5] A: Correct.

[6] Q: Didn't give them one in April, [7] either; correct?

[8] A: Correct.

[9] Q: You didn't give them one in May?

[10] A: Correct.

[11] Q: And you gave them a proposed [12] license agreement in June; right?

[13] A: Correct.

[14] Q: And then on July 30th, you gave [15] them a list?

[16] A: Correct.

[17] MR. RHODES: Can we have DTX 124, [18] please?

[19] BY MR. RHODES:

[20] Q: Now, earlier you said they never [21] asked for one; correct?

[22] A: Yes. That's correct. [23] However, I meant in May.

[24] Q: Oh, I see. Now, if we look at

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[1] Paragraph 3 with respect to the license [2] agreement, We are concerned about the licensed [3] patents most. Thus, we need more information, [4] such as the Patent List, to estimate the value [5] of them.

[6] A: Yes. That's correct.

[7] Q: And they said, We need more [8] information and time for this matter. We would [9] like to extend the date you had stated on July [10] 5, 2002.

[11] Do you see that?

[12] A: That's correct.

[13] Q: And then on July 30th, you finally [14] gave them a list of 447 patents to analyze; [15] right?

[16] A: That's correct.

[17] Q: Now, if we could put DTX 48 up. [18] Actually don't put that up yet.

[19] Now, Mr. Lee, you gave them a list [20] at the end of July for a proposed licensing [21] agreement in 2002; correct?

[22] A: Correct.

[23] Q: And they asked for more time; [24] right?

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[1] A: Correct.

[2] Q: And that list was 447 odd patents; [3] right?

[4] A: Correct.

[5] Q: And less than a month later, you [6] sued CPT; right?

[7] A: Correct.

[8] Q: And you sued them in California; [9] right?

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[10] A: That's correct.

[11] Q: And are you familiar with that [12] complaint?

[13] A: Yes, I do

[14] MR. RHODES: Okay. Can you put [15] DTX 48 up now, please?

[16] BY MR. RHODES:

[17] A: Now, you sued CPT in California in [18] August of 2002; correct.

[19] A.

[20] A: That's correct.

[21] Q: And then you sued CPT on the other [22] coast in Delaware in 2005; right?

[23] A: That's correct.

[24] Q: Now, in the complaint that you

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[1] filed against CPT in California in 2002, that [2] didn't involve the '002 patent; right?

[3] MR. BONO: Objection, Your Honor. [4] I believe Your Honor sustained our motion that [5] this case not deal with other litigation and [6] other patents.

[7] MR. RHODES: I believe that's [8] incorrect, we have been through that issue.

[9] THE COURT: I have allowed some [10] limited response, so I'll permit this question, [11] and then you feel free to object when you think [12] it goes beyond my ruling.

[13] MR. BONO: Thank you, Your Honor.

[14] THE WITNESS: That's correct.

[15] BY MR. RHODES:

[16] Q: And that case in California has [17] not gone to trial yet; right?

[18] A: Correct.

[19] Q: Now, if we could look at the [20] patents that are identified in DTX 048, and go [21] to the next page.

[22] MR. BONO: Objection, Your Honor. [23] I believe this has been ruled as not being [24] admissible in this proceeding, Your Honor.

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[1] MR. RHODES: Your Honor, you said [2] we could have some inquiry into what was going [3] on between —

[4] THE COURT: You can fill in what [5] went on during the intervening time period [6] without specifics about the litigation because [7] it's irrelevant to this litigation.

[8] MR. RHODES: Right. These will [9] only be identification of which patents were [10] sued on in 2002, that's it.

[11] THE COURT: I'll overrule the [12] objection.

[13] BY MR. RHODES:

[14] Q: All right. Now you have [15] identified in that complaint U S. Patent Number [16] 4,624,737; correct?

[17] A: That's correct.

[18] Q: And the second patent was the [19] 5,825,449 patent; right?

[20] A: That's correct.

[21] Q: And the next one was the [22] 6,373,537 patent; right?

[23] A: Correct.

[24] Q: And the next one is the 6,020,942

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[1] patent?

[2] A: Correct.

[3] Q: And the next one is the — [4] unfortunately we have a little bit of writing [5] over that, but I'll do my best — 6,002,457.

[6] A: That's correct.

[7] Q: And the last one is the 5,926,237 [8] patent; right?

[9] A: Correct.

[10] Q: And we don't see the 5,019,002 [11] patent in that suit, do we?

[12] A: That's correct.

[13] Q: And the '002 is a very valuable [14] patent; correct?

[15] A: Correct.

[16] Q: Now, incidentally, you mentioned [17] this morning in your testimony about a notice [18] letter that went to Mitsubishi. Did I hear that [19] correctly?

[20] A: We did notify them, but it was not [21] in the form of letter.

[22] Q: If there was a letter, you would [23] have given that to your counsel; right?

[24] A: Does the counsel mean if there was

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[1] a letter sent by LPL to Mitsubishi?

[2] Q: Yes.

[3] A: I do believe we were sent a [4] separate letter, however, between LPL and [5] Mitsubishi there was a negotiation going on in [6] progress with respect to semiconductor patents, [7] and the '002 patent was inserted in that [8] negotiation, so as far as I remember or know, [9] it's been quite some time ago, since 1997, my [10] recollection is not that clear, but I don't [11] believe there was a separate letter.

[12] Q: Now, you know the inventor, the [13] named inventor on the '002 patent; correct?

[14] A: Yes, I do.

[15] Q: All right. And that was [16] Mr. Holmberg; correct?

[17] A: Correct.

[18] Q: Now, Mr. Holmberg never re-

ceived [19] any money from LPL for the '002 invention; [20] correct?

[21] A: That's correct.

[22] Q: Can we go back to the PTX 46, [23] please.

[24] Now, one of the patents that's

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[1] listed there is 5,856,816. Do you see that?

[2] A: Yes, I do

[3] Q: Do you specifically remember [4] discussing the '816 patent with CPT at the June [5] 11th meeting, 2002?

[6] A: For that matter I don't believe I [7] have mentioned that — specifically mentioned [8] that.

[9] Q: Now, you testified this morning [10] that you did some comparisons between products [11] that have inner and outer guard rings and [12] products that have no guard rings; is that [13] correct?

[14] A: Yes, I did.

[15] Q: All right. And that's the only [16] comparison you did; right?

[17] A: Correct.

[18] Q: So you didn't compare products [19] that had one guard ring against products that [20] had no guard rings; right?

[21] A: Does counsel mean by one guard [22] ring, inner guard ring or outer guard ring.

[23] Q: We'll take them one by one. Did [24] you conduct any tests between a product that had

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[1] just an outer guard ring and no guard ring?

[2] A: No.

[3] Q: And you didn't compare a product [4] that just had an inner guard ring versus a [5] product that had no guard ring; right?

[6] A: Yes, that's correct, I have not.

[7] Q: So the only thing you tested as a [8] comparison was just a product that had both an [9] inner and outer guard ring versus a product that [10] had no guard ring?

[11] A: Yes. Of course the one that I did [12] personally was a product with two guard rings, [13] however, there was an experiment, there was an [14] experiment involving outer guard ring only, [15] although that did not have detailed results. I [16] do not quite remember detailed results of that [17] particular experiment.

[18] However, if I may offer my [19] somewhat fuzzy recollection, I believe about [20] half, more than — perhaps even more than half [21] of the result was

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ules at [21] CPT? What is the first step in the sales [22] process? Would it be a purchase order from a [23] customer?

[24] A: No.

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[1] Q: Okay. What would it be?

[2] A: First you provide a quote to the [3] customer.

[4] Q: So CPT provides a quote?

[5] A: Yes.

[6] Q: Has CPT ever provided quotes to [7] Dell?

[8] A: Yes.

[9] Q: After CPT provides a price quote, [10] what is the next step in the sales process?

[11] A: Accept customer's consent.

[12] Q: So the customer either agrees to [13] the quote or there's negotiation on the price; [14] is that fair?

[15] A: Yes.

[16] Q: Before CPT provides a quote to the [17] OEM for a module, CPT may have provided a [18] reference price for that module to HP or Dell?

[19] A: Yes.

[20] Q: If an OEM is going to use a CPT [21] module for a brand product like HP, then HP has [22] to first approve the use of CPT's modules; [23] correct?

[24] THE WITNESS: Yes.

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[1] BY MR. CHRISTENSON:

[2] Q: And CPT communicates directly with [3] brands like HP to obtain approval for an OEM to [4] use CPT modules; correct?

[5] A: Yes.

[6] Q: Do any U.S. brands order modules [7] directly from CPT?

[8] A: Yes.

[9] Q: Which ones?

[10] A: Dell.

[11] Q: Mr. Kuan, you understand that you [12] are under oath and must testify truthfully [13] today?

[14] A: Yes.

[15] Q: Before we started this morning, [16] your counsel informed me that there are a few [17] things that you may want to clarify; is that [18] correct?

[19] A: Yes.

[20] Q: And specifically you want to [21] clarify something regarding your testimony from [22] yesterday; is that right?

[23] A: Yes.

[24] Q: Did you discuss that testimony

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[1] with counsel?

[2] A: Yes.

[3] Q: Are you clarifying testimony that [4] you discussed with your counsel?

[5] A: Yes.

[6] Q: Please tell me what you would like [7] to clarify from your testimony yesterday.

[8] A: It's regarding DisplaySearch and [9] regarding information of the U.S. market [10] condition.

[11] Q: All right. Let's start with [12] display search.

[13] What would you like to clarify [14] concerning DisplaySearch?

[15] A: Because yesterday when I talked [16] about DisplaySearch, I indicated that it did not [17] include U.S. market, but after confirmation, I [18] discovered that it did include U.S. market [19] information.

[20] Q: And how did you confirm that?

[21] A: In the past, I did review a [22] DisplaySearch report.

[23] Q: Have CPT employees reviewed [24] DisplaySearch reports concerning the U.S.

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[1] market?

[2] A: Yes.

[3] Q: The U.S. market is an important [4] part of the global market; correct?

[5] THE WITNESS: Yes.

[6] Q: Is there anything else you would [7] like to clarify from yesterday concerning what [8] you called the U.S. market condition?

[9] A: Whether CPT is aware whether HP [10] has any sales in the United States.

[11] Q: Okay. What would you like to [12] clarify?

[13] A: Well, through many media reports, [14] HP does have sales in the United States.

[15] Q: How does CPT know that HP has [16] sales in the United States?

[17] THE WITNESS: Through these media [18] reports, CPT gained information — gained [19] knowledge that HP did sell in the United States.

[20] BY MR. CHRISTENSON:

[21] Q: Mr. Kuan, what else would you like [22] to clarify?

[23] A: Yesterday I was asked whether HP [24] had directly placed an order to CPT.

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[1] Q: All right. And what did you tell [2] me yesterday?

[3] A: I said no.

[4] Q: Okay. And was that answer [5]

correct, sir?

[6] A: Are you referring to what I said [7] yesterday?

[8] Q: Yes. Was your testimony yesterday [9] correct?

[10] A: No.

[11] Q: Why not?

[12] A: That's why I wanted to clarify.

[13] Q: Right. What — what was incorrect [14] about your testimony?

[15] A: Purchase was made to CPT directly.

[16] Q: So HP has directly ordered LCD [17] modules from CPT?

[18] A: Yes.

[19] Q: More than once?

[20] A: Yes.

[21] Q: During what period of time has HP [22] directly ordered CPT modules?

[23] A: Prior to last year.

[24] Q: So during 2005, HP directly

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[1] ordered CPT modules; is that correct?

[2] A: Yes.

[3] Q: And when HP directly ordered [4] modules from CPT, did CPT supply those modules [5] for HP products?

[6] A: Yes.

[7] Q: At the time that HP was directly [8] ordering modules from CPT, CPT was aware that [9] HP's LCD products were sold in the United [10] States?

[11] THE WITNESS: It knew that HP has a [12] part of its product which sells in the United [13] States.

[14] Q: Since when has CPT known that HP [15] LCD products are sold in the United States?

[16] A: It's been a period of time, but [17] I'm unable to specify when.

[18] Q: For more than one year?

[19] A: Of course.

[20] Q: Okay. For several years?

[21] THE WITNESS: I don't know what you [22] mean by "several years".

[23] BY MR. CHRISTENSON:

[24] Q: Okay. For more than two years?

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[1] A: I think should be.

[2] Q: Perhaps we can — well, let me [3] give you an opportunity to answer a couple of [4] other questions on this same topic from [5] yesterday. Does CPT know that Dell's LCD [6] products are sold in the United States?

[7] A: Yes.

[8] Q: And has CPT known that for more [9] than two years?

[4] BY MR. CHRISTENSON:

[5] Q: Go ahead.

[6] A: We also discussed the [7] opportunities as well as the means for [8] introducing the CPT TFT LCD module products into [9] the U.S. brand customers.

[10] Q: What opportunities have you [11] discussed?

[12] A: We talked about the introduction [13] of — we talked about the opportunities of [14] introducing the CPT notebook LCD module products [15] into HP or Dell's future products.

[16] Q: When you say "future products", [17] are you referring to specific products that CPT [18] knows Dell or HP are planning?

[19] THE WITNESS: That's correct.

[20] Q: How did CPT learn about those new [21] products that Dell and HP are planning?

[22] A: Through the product managers of [23] Dell or HP.

[24] Q: Is it common for Dell product

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[1] managers to inform CPT about new products that [2] Dell is planning?

[3] THE WITNESS: According to my [4] personal experience, Dell and HP would notify [5] CPT. If CPT have some appropriate products, in [6] that case, they would notify CPT.

[7] In that case, they would notify — [8] they would notify CPT.

[9] Q: I just want to confirm that Dell [10] or HP often notified CPT of new Dell or HP [11] products if CPT has modules that might fit with [12] those products; correct?

[13] THE WITNESS: That's correct.

[14] BY MR. CHRISTENSON:

[15] Q: And likewise, CPT informs Dell and [16] HP of new module products that CPT is [17] developing; correct?

[18] A: Correct.

[19] Q: And as you — as you indicated [20] earlier, these communications allow CPT and U.S. [21] brands to identify opportunities to work [22] together on new projects; correct?

[23] A: That's correct. These [24] opportunities can be created.

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[1] Q: You also mentioned that you and [2] Brian Lee have discussed the means to introduce [3] LCD module products to U.S. brand customers. [4] What have — what have you discussed regarding [5] the means to introduce LCD module products to [6] U.S. brand customers?

[7] A: Mainly it would include some of [8]

the requests and requirements proposed by Dell [9] and HP

[10] Q: What type of requests and [11] requirements have Dell and HP proposed?

[12] A: Including the need from them of [13] the LCD product specifications, as well as their [14] target price, as well as they requested CPT to [15] provide a stable quantity for the follow-up [16] sales and subsequent sales. They also requested [17] some quality control

[18] Q: Let's take those each one at a [19] time. One thing you mentioned was the need for [20] LCD product specifications. Does CPT provide [21] LCD product specifications to Dell and HP for [22] proposed new projects?

[23] A: Yes

[24] Q: And is that for HP and Dell to

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[1] approve those specifications so that these CPT [2] modules can be used for their products?

[3] A: Not completely so.

[4] Q: Is that one reason why CPT [5] provides the specifications to Dell and HP?

[6] A: Correct.

[7] Q: What other reasons are there?

[8] A: For specifications catering to [9] both parties' different needs and requirements, [10] and possibly the areas that would need to be [11] modified. And for those areas, both parties [12] would have to go through meetings to engage in [13] discussions.

[14] Q: Are you referring to meetings [15] between CPT and its U.S. brand customers? [16] Correct?

[17] A: That's correct.

[18] Q: Would any of those — have any of [19] those type of meetings been held in the United [20] States?

[21] A: Yes.

[22] Q: With which U.S. brands has CPT had [23] meetings in the United States regarding LCD [24] module specifications?

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[1] A: Based on my personal experience, [2] and for those meetings that I have attended, [3] those meetings would have included Dell and HP.

[4] Q: I believe another — I believe [5] that target price is also something that you [6] mentioned you have discussed with Brian Lee [7] concerning the means to introduce new LCD module [8] products to U.S. brands. What do you mean by [9] target price?

[10] A: That would be the lowest price [11]

requested by HP or Dell for CPT to provide the [12] TFT module.

[13] Q: So HP and Dell provide a target [14] price that they would like CPT to meet for new [15] HP and Dell products; is that correct?

[16] A: Correct.

[17] Q: Does CPT then negotiate pricing [18] with HP and Dell?

[19] A: Yes, some of the times.

[20] Q: Are you personally involved in [21] price negotiations with U.S. brand customers, [22] including Dell and HP?

[23] A: Yes, only limited to my personal [24] job responsibilities. Currently I have only

Page 726

[1] discussed pricing with HP.

[2] Q: Does CPT provide samples of new [3] LCD modules to U.S. brand customers, including [4] Dell and HP?

[5] THE WITNESS: Yes, in the event [6] that HP or Dell are interested in CPT's [7] products.

[8] BY MR. CHRISTENSON:

[9] Q: Has CPT provided samples of new [10] LCD modules to U.S. brand customers other than [11] Dell and HP?

[12] THE WITNESS: According to my personal [13] scope of knowledge, currently no.

[14] Q: Now, my question is, please [15] identify CPT's other U.S. brand customers. [16] Let's break this into a time frame. Let's start [17] with at this time, currently, who are CPT's U.S. [18] brand customers?

[19] A: Well, for the scope of the [20] notebook computers that I'm responsible for, [21] only HP and Dell are the ones.

[22] Q: Who are CPT's U.S. brand customers [23] for LCD monitor modules?

[24] A: HP, Dell.

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[1] Q: And?

[2] A: IBM.

[3] Q: ViewSonic?

[4] A: Yes. Gateway. I can only recall [5] these ones.

[6] BY MR. CHRISTENSON:

[7] Q: Earlier, Mr. Tsai, you referred to [8] current potential customers of CPT. Are you — [9] were you referring to prospective customers that [10] CPT would like to add to its customer list?

[11] THE WITNESS: Yes, there was such an [12] attempt.

[13] BY MR. CHRISTENSON:

[14] Q: Please tell me a little bit about [15] that. Which potential customers has CPT

[24] unit, so for the chart we were looking at a

Page 1020

[1] moment ago, this is where I went to find the [2] 50,723, rounded to 724 TFT business unit sales, [3] and you can see right below it is the TFT gross [4] profit loss amount. So you can see for 2003 the [5] source document of the financial statements.

[6] Down towards the bottom we have a [7] similar information for 2002 coming across.

[8] Q: If we could just go back to slide [9] one for a moment. If you could just show the [10] jury the 50,724,000 New Taiwanese dollars you [11] just referred to?

[12] A: Right here. So this would be the [13] business unit information here, and the [14] corresponding gross profit would be here.

[15] Q: Now, did you also look at and [16] analyze the TFT business unit itself?

[17] A: I did.

[18] Q: Why don't we go to slide two. Is [19] this a chart that you also had prepared?

[20] A: Yes, it is.

[21] Q: Now, could you please explain the [22] purpose of this chart?

[23] A: CPT had provided a schedule, a [24] financial statement in effect for only the TFT

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[1] business unit, and it has some minor variations [2] to the annual report and that's pretty common, [3] it's not because somebody sat down and didn't [4] include or whatever, it's just from time to time [5] business sources and different business time [6] will have slightly different information.

[7] But I had a financial statement [8] for only the TFT business unit. And this is [9] certain of the information extracted from that [10] statement.

[11] So we see the net sales for 1999 [12] through the first quarter of 2006, so through [13] the first three months of 2006. And you can see [14] again that it's going up significantly. The [15] first year increase, which by a percent is very, [16] very large, may be somewhat misleading because [17] 1999 is the first year, so it may not be a full [18] year of production and sales and the like.

[19] But significant growth year to [20] year to year. And you can see as is common, the [21] percent growth rates if we were to put them in [22] would change year to year, you see that sales [23] from 2001 to 2002 went up by a hundred percent, [24] they approximately doubled. They certainly

Page 1022

[1] didn't double again to 2003 or to 2004. It's [2] one thing to increase my sales by about 17,000 [3] and double, I can add another 17,000, but from a [4] higher bases that doesn't double my sales. So [5] the rate of increase changes by the nature of [6] the numbers and by the nature of the market.

[7] And you can see that 2005 compared [8] to 2004 was not a strong increase year, so we [9] see some maturation that occurs in the [10] marketplace with competition or a slowdown for a [11] year in the marketplace, and see some maturation [12] within the company.

[13] We then looked at costs of goods [14] sold and then again year to year to year to year [15] to identify a measure of profitability. And to [16] get costs of goods sold, we would take net [17] sales — I'm sorry, to get — we take the net [18] sales minus costs of goods sold to get gross [19] profit.

[20] The costs of goods sold is the [21] accounting information from the financial [22] statement of all of the costs to produce the [23] product. So it has the individual components, [24] substrates, metals, it has the processing costs

Page 1023

[1] of the equipment and acid baths and what have [2] you, it has at least allocations of the costs of [3] the production equipment and the environmental [4] types of issues. It has the costs of the [5] people. So it tells us the costs that CPT has [6] assigned to the production of the goods that [7] were sold in that year. So we have a measure of [8] the costs.

[9] We looked at that as a percent of [10] sales and you can see it exceeded 100 percent in [11] 2001, causing a gross profit loss, or a gross [12] loss in effect.

[13] So we looked at the difference [14] between net sales and cost of sales to get some [15] identification of the profit generated year to [16] year to year, and that's profit not in a bottom [17] line sense, but that's the profit available with [18] which CPT would pay selling costs, general [19] costs, administrative costs, interest expense or [20] whatever their capital costs were, taxes before [21] they would have a bottom line net income.

[22] But this is a measure of the money [23] in New Taiwanese dollars available because of [24] the direct sale and production.

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[1] And over time it ranges obviously [2] from a high of about 20 percent to a loss year. [3] And you can see that the last full year, 2005, [4] as we saw in the first chart was not a strong [5] profit year, so there is

a diminution in the [6] spread, the markup between the costs of the [7] product and the sale of the product, so the [8] product — the business becomes less profitable. [9] And by percent there is some recovery in 2006 in [10] the first quarter, but certainly not to the [11] levels of historical years, years save 2001.

[12] Q: Is that indicative of the highly [13] competitive nature of this industry?

[14] A: It is.

[15] Q: Now, it appears to me that the [16] only loss year for the TFT business unit was [17] 2001?

[18] A: That's right.

[19] Q: And all other years, the business [20] unit certainly enjoyed a profit?

[21] A: Right. There are other producers [22] that had certainly less than strong years in [23] 2001 as well.

[24] Q: So for 2006 quarter one, as of

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[1] quarter one, the costs of goods sold percent of [2] net sales is what?

[3] A: It's 93.1 percent leaving 6.9 [4] percent, so you can see the two of those total [5] 100 percent.

[6] Q: What was your source for this [7] information?

[8] A: It was a financial statement that [9] had been provided by CPT.

[10] Q: I would like to now turn to PX 81. [11] Are you referring to some financial information [12] that Chunghwa produced in discovery?

[13] A: That's my understanding of the [14] source of it, yes.

[15] Q: I would like to turn to page 16 of [16] this document. I would like to turn — if you [17] could highlight the first sentence in the second [18] to last paragraph.

[19] A: Exhibit M hereto is CPT's income [20] statement for its TFT business unit.

[21] Q: Showing costs and profit data for [22] the years 1999 through the first quarter of [23] 2006?

[24] A: That's correct.

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[1] Q: And is that the exhibit on which [2] you relied?

[3] A: Yes, it is.

[4] Q: Why don't we turn to that exhibit, [5] Exhibit M, please, which is page 16 of this [6] document — excuse me, page 116 of this [7] document.

[8] Are you there, Mr. Cobb?

[9] A: Mine doesn't have a number, but I [10] think I have the same document.

[11] Q: The same title?

[12] A: It is the same title.

percent, [7] aren't they?

[8] A: Yes, sometimes as high as 95, but [9] kind of around 90 is what I understood.

[10] Q: But the '002 was used from the [11] get-go from LPL; correct?

[12] A: Yes, it was.

[13] Q: So they were using it back when [14] their yield rates were 30 or 35 percent; right?

[15] A: That's my understanding.

[16] Q: Okay. So you agree that since the [17] '002 had already been implemented by LPL, back [18] when the yield rates were 30 or 35 percent, [19] whatever it is, that explains the difference [20] between 30 or 35 percent and 90, 95 percent or [21] more, that's not the '002 patent; correct?

[22] A: Yes and no. There certainly are a [23] number of things that have occurred and [24] significant things that have occurred to enhance

Page 1133

[1] yield unrelated to the '002 patent.

[2] But I also understand that the [3] '002 patent and the impact on the yield becomes [4] more important as screen sizes grow. And I know [5] that since 1995, as a general proposition, [6] screen sizes have grown.

[7] So the important import of the [8] '002 patent has also increased somewhat.

[9] Q: But, again, there's no evidence to [10] support that the '002 patent actually increases [11] yield in larger screen products more than it [12] does in smaller screen products; correct?

[13] That's just the word of Mr. Cho [14] and Mr. Kim that you're relying on for that, [15] isn't it?

[16] A: I think that's consistent with [17] other discussions I've had. But as I said, [18] that's what I learned from at least the initial [19] phone call from Mr. Cho and Mr. Kim.

[20] Q: Well, the only evidence you cited [21] in support of that in your June 2nd report was [22] that single phone call with Mr. Kim and Mr. Cho; [23] correct?

[24] A: Right. Yes.

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[1] Q: That's — that's the only [2] information you based that eight percent or [3] higher number for larger screen products on, [4] isn't it?

[5] A: Yes.

[6] Q: And, again, Mr. Cho and Mr. Kim, [7] they work in LPL's IP department managing [8] litigation and licensing, don't they?

[9] A: Yes.

[10] Q: Yes. They're not engineers in a [11]

factory, are they?

[12] A: That's right. They have consulted [13] with engineers, but they're not engineers for [14] the factory.

[15] Q: They consulted with engineers that [16] you've never spoken to; correct?

[17] A: Yes, I have, after my deposition. [18] As I think we even discussed, I've talked to the [19] engineers.

[20] Q: Well, we didn't. We couldn't have [21] discussed that you did talk to them.

[22] A: No. We discussed that I either [23] was or may.

[24] Q: So since you were deposed in this

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[1] case and since your report in this case, you [2] have now spoken to additional people at LPL's [3] factory; is that correct? Just yes or no.

[4] A: Yes.

[5] MS. GABLER: Your Honor, I would [6] move, under our prior orders, that he not be [7] allowed to answer any questions on that on [8] redirect.

[9] MS. BRZEZYNSKI: Your Honor, [10] Ms. Gabler has elicited this testimony. LPL has [11] not elicited this testimony.

[12] I should be free to go into [13] whatever I need to on redirect in putting on [14] this topic.

[15] THE COURT: Well, with redirect, [16] you'll ask your questions. I'm overrule the [17] objection.

[18] Q: Now, you haven't seen any evidence [19] that LPL had a belief in the yield rate [20] increases attributable to the '002 before filing [21] this lawsuit against CPT, have you?

[22] A: I'm sorry. Could you say that [23] again?

[24] Q: Sure. You haven't seen any

Page 1136

[1] evidence that LPL had a belief in the yield rate [2] increases attributable to the '002 before they [3] filed this lawsuit against CPT, have you?

[4] A: I haven't seen any documents that [5] show that.

[6] Q: And as a plaintiff in this case, [7] LPL has an incentive to overstate the yield rate [8] attributed to the single patent that they're [9] suing CPT on in this litigation, don't they?

[10] A: Assuming that they want the best [11] position, I assume that that's what they would [12] want in litigation as well.

[13] Q: Do you remember in your deposition [14] we also discussed chip on glass technology?

[15] A: Yes.

[16] Q: And back in your deposition I [17] asked — I had asked you whether or not

you had [18] investigated whether or not chip on glass or COG [19] was a non-infringing alternative to the '002 [20] patent.

[21] Do you recall that?

[22] A: Generally.

[23] Q: And do you recall that you told me [24] that you had not considered that prior to your

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[1] June 2nd report?

[2] A: I don't remember the words, but [3] yes.

[4] Q: And do you also recall that you [5] told me that you had not conducted any [6] investigation on that prior to your June 29th [7] deposition?

[8] A: I think so.

[9] Q: And you also didn't try to [10] establish in your damage model whether or not [11] any of CPT's products practiced chip on glass [12] technology, did you?

[13] A: That's true.

[14] Q: So if, in fact, some of CPT's [15] products practice chip on glass technology, your [16] damage model may be overstated for that reason, [17] also; right?

[18] A: No. You need a second part of [19] that. You would need to know that chip on glass [20] products did not infringe the '002 patent.

[21] Q: Right.

[22] A: But in the event that they didn't, [23] you're right.

[24] Q: Now, earlier in your testimony

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[1] this morning, you put up some documents from [2] ViewSonic Corporation and Tatung Corporation. [3] Do you remember that?

[4] A: Yes.

[5] Q: Okay. Now, you haven't presented [6] any damage model to the jury to be awarded [7] against ViewSonic, have you?

[8] A: I have not.

[9] Q: And that's true for Tatung [10] Company, too, you haven't asked them to award [11] any damages against Tatung; right?

[12] A: It's true for Tatung and Tatung of [13] America as well.

[14] Q: You also talked about Dell this [15] morning. Do you recall that?

[16] A: Yes.

[17] Q: Okay. Now, Dell is not a [18] defendant in this case, are they?

[19] A: No, they're not.

[20] Q: And neither is Hewlett-Packard?

[21] A: No, they're not.

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osition?

[3] A: Yes

[4] Q: And were you here when we just [5] played Mr. Joo-Sup Kim's deposition?

[6] A: Yes.

[7] Q: What do you recall from their [8] testimony?

[9] A: Yes, I recall.

[10] Q: What do you recall from their [11] testimony?

[12] A: I — I know Ho Lee said Taiwan did [13] not invest in R & D, and Taiwan does not have [14] its own technology. And it also does not use [15] its own technology.

[16] Q: Now, Ms. Chang, have you seen this [17] before?

[18] A: Yes

[19] Q: What is that?

[20] A: You will be able to see this [21] document from the U.S. PTO web site. This is [22] statistics and summary of all the patents filed [23] from other foreign countries and United States, [24] and granted in United States in 2004.

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[1] Q: Now, what does this page show, Ms. [2] Chang?

[3] A: Can you shift it a little to the [4] right, please?

[5] Q: This way?

[6] A: Yes. Thank you. [7] Oh, yes I see it now.

[8] Q: What does this page show?

[9] A: One can tell from this page that [10] prior to 2004, the patents granted to Taiwan [11] were more than those granted to Korea.

[12] The patents granted to Taiwan were [13] at least over by 20,000 patents compared to that [14] in Korea.

[15] Q: And these were U.S. patents?

[16] A: Yes, because the information is [17] indicated in the U.S. PTO web site.

[18] MR. RHODES: Brian, can you turn [19] that off?

[20] BY MR. RHODES:

[21] Q: Does CPT have patents?

[22] A: Yes.

[23] Q: How many patents does CPT have?

[24] A: As of the end of June of this

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[1] year, CPT holds at least 450 patents. In [2] addition, 1,800 patents are being applied for.

[3] MR. RHODES: Can we have PTX 46, [4] please?

[5] BY MR. RHODES:

[6] Q: Now, Ms. Chang, do you remember

[7] Mr. Ho Lee testifying about PTX 46, which is the [8] February 8th, 2002 letter that was sent to CPT [9] by LPL?

[10] MR. BONO: Objection. This [11] witness does not have appropriate personal [12] knowledge to testify on this subject under Rules [13] of Evidence 602.

[14] She only became employed by [15] Chunghwa Picture Tubes in June of 2004. And so [16] she lacks the personal knowledge to testify to [17] correspondence and/or discussions that occurred [18] between Chunghwa Picture Tubes and LG Philips in [19] 2002, because she was not even employed at the [20] company, so therein lacks personal knowledge.

[21] MR. RHODES: Your Honor, these are [22] business records. She's the custodian of those [23] records.

[24] It's not hearsay. I'm not here

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[1] asking her for the truth of the matter asserted. [2] I'm asking her to testify about the contents of [3] the documents.

[4] They have deposed here repeatedly [5] on this issue, and I think she can testify.

[6] THE COURT: All right. If there [7] were discussions that she didn't participate in, [8] she can't testify about that. She is not going [9] to testify about any discussions. [10] With that understanding, yes.

[11] MR. BONO: Your Honor, these [12] documents are already admitted in evidence and [13] they speak for themselves. She has no personal [14] knowledge to add anything to the evidence that's [15] already in the record.

[16] And the documents speak for [17] themselves. She wasn't at Chunghwa Picture [18] Tubes during that time period.

[19] She didn't join Chunghwa Picture [20] Tubes until June 2004. And there's no — [21] there's no probative evidence that she can [22] elicit based on her personal knowledge under [23] Rule 602 Federal Rules of Evidence. These [24] documents are already in evidence.

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[1] THE COURT: But I'll overrule the [2] objection with the understanding that there's no [3] discussion information that she has

[4] MR. RHODES: I understand, Your [5] Honor

[6] BY MR. RHODES:

[7] Q: So Ms. Chang, you remember Mr. Lee [8] testifying about PTX 46, the February 8th [9] letter; correct?

[10] A: Yes, I recall.

[11] Q: Now, Ms. Chang, what is Chinese [12] New Year's?

[13] A: It is the new year celebrated by [14] the Chinese people. It is somewhat equivalent [15] to the January 1st and Christmas time celebrated [16] by the Western people.

[17] So we will get a prolonged holiday [18] during that period of time.

[19] Q: Do you know when Chinese New [20] Year's occurred in 2002?

[21] A: I do. The Chinese New Year in [22] 2002 fell between February 9th through 17th of [23] 2002.

[24] MR. RHODES: Can we have PTX 121,

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[1] please?

[2] BY MR. RHODES:

[3] Q: Now, Ms. Chang, since you're the [4] custodian of these records, can you tell me what [5] is your understanding of what this letter is [6] about?

[7] MR. BONO: Objection, Your Honor. [8] She has no personal knowledge to be able to [9] testify. The document speaks for itself.

[10] THE COURT: All right. I'll [11] overrule the objection.

[12] She can testify as to what she [13] understands as the custodian.

[14] THE WITNESS: Based on reading from [15] this letter, this letter is a letter sent by LPL [16] to CPT at the end of May 2002.

[17] BY MR. RHODES:

[18] Q: Now, in your records, do you have [19] an indication that CPT responded to this letter?

[20] A: I did. CPT responded by writing a [21] letter to LPL on June 4th, 2002.

[22] Q: In referring to DTX 122, this June [23] 7th, 2002 letter, what is this letter about?

[24] A: This letter is response provided

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[1] by LPL, according to the June 4th letter that I [2] just testified to.

[3] Q: Okay. Now, do you have anything [4] in your records in the legal department that [5] indicates that LPL ever mentioned the Korean [6] patents again?

[7] A: Aside from the letter sent by LPL [8] at the end of May, the Korean patents were not [9] mentioned. They were no longer mentioned.

[10] MR. RHODES: And can we have DTX [11] 58, please?

[12] BY MR. RHODES:

[13] Q: Now, Ms. Chang, you heard Mr. Lee [14] testify that DTX 58 was the proposed license [15] agreement provided to LPL by CPT at the meeting [16] in June 2002. You heard that testimony?

[17] A: I heard that.

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[18] Q: And you also heard Mr. Lee state [19] that the license agreement was for LPL's entire [20] patent portfolio; is that also your [21] understanding?

[22] A: I heard that.

[23] Q: Now, in your review of the license [24] agreement, what patents are identified in the

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[1] proposed license agreement?

[2] A: Can I ask that the question be [3] interpreted again? Can counsel repeat the [4] question?

[5] Q: Sure. In your review of this [6] license agreement, what patents are identified [7] in this agreement?

[8] A: No patents were specifically [9] mentioned in this license agreement.

[10] MR. RHODES: All right. Can we [11] have DTX 125, please?

[12] BY MR. RHODES:

[13] Q: Ms. Chang, have you seen this [14] document in your records before?

[15] A: Yes, I have seen it before.

[16] Q: What is this?

[17] A: CPT sent a letter to LPL at the [18] end of July requesting it to provide additional [19] information so CPT could evaluate and assess the [20] value of the patent.

[21] And with regard to this letter, it [22] represents the response to us from LPL.

[23] Q: Can we have page three. [24] And have you had an opportunity to

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[1] count how many patents are listed there?

[2] A: Yes, I counted it. It includes [3] 447 patents.

[4] Q: Page one. [5] Now, in this letter, DTX 125, or [6] excuse me, let's go to DTX 124, I'm sorry.

[7] Now, in your review of the [8] records, have you had an opportunity to take a [9] look at this letter?

[10] A: Yes.

[11] Q: And is this a letter that you're [12] referring to, DTX 124, where CPT requested [13] information regarding the patents?

[14] A: Yes, that was the letter I [15] mentioned.

[16] Q: And what is your understanding [17] about why CPT was requesting this information [18] from LPL?

[19] THE INTERPRETER: Can I ask the [20] witness to repeat that part because there was [21] one part I could not hear?

[22] THE WITNESS: Because in June, LPL [23] had proposed an agreement, and that proposed [24] agreement the proposed

royalty rate was 25

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[1] percent. 2.5 percent. And it was a very large [2] number.

[3] In order for CPT to have to pay [4] such a large sum of their money, CPT would have [5] to write to obtain additional information to see [6] whether what they demanded would be reasonable [7] and whether it would be valuable enough.

[8] MR. RHODES: Your Honor, may I [9] have the witness step out of the witness box and [10] over to the demonstrative?

[11] THE COURT: Yes.

[12] BY MR. RHODES:

[13] Q: Ms. Chang, could you please tell [14] the jury what this stack of documents is?

[15] A: What's on the top here would be [16] the patents listed on the July 30th listing. [17] And then over here would be the 447 patents. [18] And over here there should be the references for [19] the 447 patents.

[20] Q: And I'm sorry, I was listening to [21] the interpreters and you at the same time. Did [22] you mention the file histories? I thought I [23] heard you mention file history.

[24] A: Yes, I was referring to these two

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[1] stacks here, they represent the file history of [2] the 447 patents.

[3] Q: Okay. Now, what are file [4] histories?

[5] A: Do you want me to answer over [6] here?

[7] Q: Sure.

[8] THE INTERPRETER: May I ask the [9] witness to speak a little louder, please.

[10] THE WITNESS: The file history [11] would be the correspondence with U.S. PTO in the [12] course of applying for the patent. That means [13] when an applicant applies for a patent and U.S. [14] PTO will submit some questions to the applicant [15] to see whether the contents of the patents will [16] meet the patent requirement.

[17] Q: And what is prior art?

[18] A: Prior art would be the prior [19] technology. And that information would also be [20] included in the file history.

[21] Q: Okay. You can come back over here [22] now.

[23] Now, Ms. Chang, why do you need [24] all this paper in order to evaluate 400 patents?

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[1] MR. BONO: Objection, Your Honor. [2] There is lack of personal foundation to testify [3] as to what Chunghwa Picture

Tubes may or may not [4] have done in 2002.

[5] MR. RHODES: I'm not asking her [6] what CPT did, I'm asking her only what — why [7] you would need all this paper in order to [8] evaluate 400 patents.

[9] MR. BONO: And there is absolutely [10] no relevance in the case to this testimony.

[11] MR. RHODES: Absolutely there is [12] relevance, Your Honor.

[13] THE COURT: All right. I'm going [14] to overrule both relevancy objections. And [15] since it's not specific to what they might have [16] done in the time frame, it's generic testimony [17] about why you would evaluate a patent, I'm going [18] to allow it.

[19] THE WITNESS: Because one would [20] have to evaluate a patent of the value of a [21] patent portfolio. And one would need to go [22] through the file history as well as the [23] references mentioned in the file history in [24] order to have adequate understanding of the

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[1] patent claims, and its validity.

[2] BY MR. RHODES:

[3] Q: Now, were you in the courtroom [4] when plaintiff's expert, Dr. Schlam, was [5] testifying?

[6] A: Yes.

[7] Q: Do you remember how long he said [8] it would take to evaluate this one patent, the [9] '002 patent?

[10] A: He testified for quite a long [11] time.

[12] Q: Now, after July 30th when LPL [13] notified or sent that list of patents to CPT, in [14] your records, what does it show us that the next [15] time that CPT heard anything about the '002 [16] patent?

[17] A: You mentioned '002 patent; right?

[18] Q: Yes, I did. [19] After July 30th, when was the next [20] time that CPT heard about the '002 patent?

[21] A: That would be May 13 of last year [22] when LPL filed a lawsuit against CPT in [23] Delaware.

[24] Q: And you were employed by CPT at

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[1] that time; right?

[2] A: Yes.

[3] Q: Now, before LPL filed a lawsuit on [4] May 13, 2005, did LPL give any warning to CPT [5] that it was going to file the suit?

[6] A: No.

[7] Q: And before they filed the suit in [8] 2005, did they identify any products that they [9] thought infringed the '002 patent?

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[10] MR. BONO: Objection. Objection, [11] Your Honor. She has insufficient personal [12] knowledge to be able to testify as to what went [13] on before she was employed at Chunghwa Picture [14] Tubes, and so she can only testify from June [15] 2004 forward, and the question is asking for all [16] time periods.

[17] MR. RHODES: I'll rephrase, Your [18] Honor.

[19] BY MR. RHODES:

[20] Q: Do you have anything in your [21] records since you are the custodian of the [22] records and the person responsible for this case [23] that LPL ever identified any products that they [24] thought infringed the '002 patent prior to May

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[1] 13th, 2005?

[2] A: No.

[3] Q: And since you're the person [4] responsible for this case at CPT and the [5] custodian of the records, do you have anything [6] in your records that would indicate that LPL [7] ever identified any claims related to the '002 [8] patent that they thought CPT infringed?

[9] A: No.

[10] MR. RHODES: Now, can we have DTX [11] 48, please?

[12] BY MR. RHODES:

[13] Q: Now, Ms. Chang, have you seen DTX [14] 48?

[15] A: Yes.

[16] Q: And have you seen that as part of [17] your job responsibilities?

[18] A: Yes.

[19] Q: And have you read it?

[20] A: Yes.

[21] Q: Can you tell me what that is?

[22] A: This document represents the [23] complaint. This is a patent case filed by LPL [24] against CPT in California at the end of August

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[1] 2002.

[2] Q: And that would have been about a [3] month after CPT received the July 30th, 2002 [4] letter?

[5] A: It should be less than one month.

[6] MR. RHODES: Okay. Can we go to [7] the next page, Brian?

[8] BY MR. RHODES:

[9] Q: Now, can you please identify for [10] us what patents were asserted in this complaint?

[11] A: Yes, I can do that. The first [12] patent would be 4,624,737.

[13] MR. RHODES: Next page.

[14] BY MR. RHODES:

[15] Q: What else?

[16] A: The second patent would be [17] 5,825,449.

[18] And the third one would be [19] 6,373,537.

[20] The fourth one was 6,020,942. [21] And the next one — well, I cannot [22] read it very clearly. I think possibly the [23] numbers would be 6,002,457.

[24] And the last one was 5,926,237.

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[1] MR. RHODES: Next page.

[2] BY MR. RHODES:

[3] Q: And that's all the patents in [4] there?

[5] A: Yes.

[6] Q: Those six patents?

[7] A: Six patents.

[8] Q: Was the '002 patent listed in [9] there?

[10] A: No.

[11] Q: Now, according to your [12] understanding in working in the legal department [13] and being the person responsible for this case [14] after the complaint was filed in 2002, what is [15] your understanding as to what happened next?

[16] MR. BONO: Objection, Your Honor.

[17] THE COURT: Objection sustained

[18] BY MR. RHODES:

[19] Q: Now, you became employed by CPT in [20] 2004; right?

[21] A: Correct.

[22] Q: And you started working on this [23] case in 2004?

[24] A: Yes.

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[1] Q: And you were involved in the [2] litigation in connection with California; is [3] that correct?

[4] A: Correct.

[5] Q: Now, in 2005, did you learn [6] anything about what happened in the California [7] case?

[8] MR. BONO: Objection, Your Honor [9] Your Honor has ruled that —

[10] THE COURT: He can ask this [11] question, but the next one I may reverse that.

[12] MR. BONO: My objection is on [13] hearsay. Your Honor ruled in our motion —

[14] THE COURT: I understand.

[15] MR. BONO: Objection.

[16] THE COURT: He's asking about [17] 2005. Right now it's a benign question. 2005 [18] basis of knowledge.

[19] MR. BONO: I'm sorry, Your Honor, [20] Maybe I was unclear with my objection.

My [21] objection goes to the ruling, Your Honor.

[22] THE COURT: About asking about [23] California litigation, —

[24] MR. BONO: Yes.

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[1] THE COURT: — because it has no [2] role in this litigation?

[3] MR. BONO: Yes, Your Honor.

[4] THE COURT: I understand. You can [5] answer the question that's pending.

[6] THE WITNESS: Well, that case has a [7] total of six patents with regard to four [8] patents, because in 2002, when LPL filed the [9] lawsuit, and four of them were ruled invalid and [10] unenforceable.

[11] So in 2005, by September, the [12] judge in the California Court ruled against the [13] lawsuit of these four patents.

[14] MR. BONO: Your Honor, I object [15] and move to strike.

[16] THE COURT: Objection; sustained.

[17] MR. RHODES: And Your Honor —

[18] MR. BONO: Can I finish?

[19] MR. RHODES: I know where he's [20] going. If I can ask the next question, you'll [21] see it's very fair and balanced, and it goes to [22] the state of mind of the company.

[23] But with the next question, I [24] think he'll be satisfied that this is a fair

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[1] question.

[2] THE COURT: Why don't you come to [3] side-bar first. So at this point I'll sustain [4] the objection, and strike the answer [5] (Side-bar discussion.)

[6] MR. RHODES: Your Honor, I'm very [7] sensitive to this issue and I'm treating it as [8] fair as I possible can. This issue goes to the [9] state of the mind of the company and what they [10] were thinking about during the course of this [11] litigation.

[12] The next question is going to be [13] what happened next, and she's going to testify [14] that the judge allowed them to fix the problem [15] and refile the case, and that's it [16] MR. BONO: Your Honor, he is now [17] elicited prejudicial information that is not [18] correct. And the judge did not rule that the [19] patents were invalid in California. In fact, [20] they're still subject of the litigation in [21] California.

[22] And it was a prejudicial [23] statement, it's incorrect and it's false. And [24] she — and he did this on purpose to cast in the

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[1] mind of the jury that there is some question of [2] validity as to those other

lawyer I was against [8] said that he didn't want to argue the settlement [9] of other parties to the liability issue of my [10] plaintiff. And I asked to have all reference to [11] any settlement discussion excluded, but the [12] judge thought it was important immediately to [13] make a decision, and to allow him to talk about [14] it for purposes of aligning the parties, and the [15] testimony came in about settlement, it didn't [16] look so bad, but in the closing argument, what [17] the lawyer did was say, there was things done [18] wrong here and somebody is liable and some [19] people have already paid for that. It sounded [20] real close to me like a violation of 408. I [21] didn't get upset, I just objected. And there [22] are appellate courts even after the post trial [23] motions that will take care of all of this.

[24] What I'm trying to do is let you

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[1] try the case the way you want unless you are in [2] a — unless you're offering something that's so [3] obvious that it's like you got to stop the [4] beating because it's occurring right in front of [5] them, but the kind of subtle issues you're [6] arguing, they're kind of by hypothesis or [7] speculation, you may not be doing anything [8] Mr. Bono is saying.

[9] So what I'm trying to convince [10] you, I'm not trying to dissuade you, I'm trying [11] to tell you what the ruling is again, what his [12] argument is, and what the penalty is if it's [13] later found out in the context of this whole [14] trial that you didn't get my order. Okay?

[15] We're going to bring the jury in.

[16] (Jury entering the courtroom at [17] 2:47 p.m.)

[18] THE COURT: All right. I think I [19] have fixed all the technical problems. I have a [20] vast background about this machinery and we [21] should be able to move on from here. And I [22] appreciate your patience as to do parties and [23] the counsel. Thank you very much.

[24] All right. You want to start it

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[1] up again.

[2] MR. RHODES: Yes, Your Honor. [3] Thank you for your help.

[4] THE COURT: No problem.

[5] (Videotape Testimony.)

[6] A: With two contacts, you could test [7] if there is any shorts in the panel. You would [8] need other contacts to test for any opens in a [9] display.

[10] Q: And when — what do you mean by [11] "any shorts in the panel"?

[12] A: Any areas where you may have a [13] short, or a short, or a very low resistance [14] between the row line and

the column line.

[15] Q: And what —

[16] A: That could be through the source, [17] you know, to the gate of the transistor or a [18] crossover point of the row line and the column [19] line.

[20] Q: And if you refer to the Exhibit [21] 105, which is the one with the two schematics, [22] if you look at the configuration on the lower [23] portion of the page, is it possible — if you [24] assume that the source lines are connected to

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[1] the outer guard ring in the same method as the [2] gate lines are illustrated here, is it possible [3] to check for any shorts in the array using only [4] two contacts?

[5] THE WITNESS: I don't think there's [6] enough information there to — without seeing [7] the whole panel represented, I couldn't tell.

[8] THE WITNESS: I — you say a short, I [9] only see gate lines. Are you saying short — [10] gate to gate short? Column to gate short?

[11] I don't — there's not enough [12] information.

[13] Q: I'm using short in the same [14] context that you were using it in the answer [15] just above where you stated, "any areas where [16] you may have a short or low resistance between [17] the row line and the column line".

[18] A: Okay. But that's not represented [19] on this diagram.

[20] Q: What else would you have to know [21] to answer that question?

[22] A: We'd have to see how the columns [23] were hooked together. All I see here is row [24] lines.

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[1] Q: Well, I — my question presumed [2] that the row lines were connected to the outer [3] guard ring in exactly the same way as the gate [4] lines are depicted here.

[5] A: There's no column lines here. I [6] don't know how you could test this to — and [7] determine if there's any shorts in the panel [8] without column lines and showing how they're [9] hooked together.

[10] Q: When you say how they're connected [11] together, you mean the source lines to the outer [12] guard ring?

[13] A: Yeah, and what their relation is, [14] how — how they're hooked together. Are they [15] hooked together?

[16] Q: So I'm asking you to assume that [17] the gate — the source lines are connected to [18] the outer guard ring in exactly the same way as [19] these gate

lines are depicted, which is each [20] gate line and each source line is individually [21] connected to the outer guard ring through a [22] diode.

[23] A: The way you stated, you couldn't [24] test it.

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[1] Q: And why is that?

[2] A: Because everything would be [3] shorted — or basically shorted out.

[4] Q: Meaning shorted to the — to the [5] outer guard ring?

[6] A: Yes.

[7] Q: So if you wanted to test any line, [8] gate line or any source line, you could only [9] test line by line, is that it?

[10] THE WITNESS: I would have to study [11] this, but I can't see how you could test it.

[12] THE WITNESS: Yeah I don't see how [13] you could test it.

[14] Q: Under that scenario, meaning each [15] gate line separately and each row line [16] separately?

[17] A: Right. What you just described, [18] you couldn't test it —

[19] Q: Well, in any event —

[20] A: — without probing every line, [21] because there would be a sneak path.

[22] Q: Right. In order to test it, you [23] would have to probe each line independently [24] using the configuration I described?

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[1] A: Yes.

[2] Q: In Step 4, which states, "forming [3] an outer electrostatic discharge guard ring on [4] said substrate coupled with said interconnected [5] row and column lines via a resistance to provide [6] protection from electrostatic discharges between [7] said row and column activation lines during [8] manufacture of the displays".

[9] If we refer, again, to Exhibit 105 [10] and to the schematic that is on the upper [11] portion of the page, it has an outer [12] electrostatic discharge guard ring; correct?

[13] A: Okay. Which claim was that, [14] again?

[15] Q: We're in Claim 1, Step 4, which is [16] at the top of the page, Column 9.

[17] A: Okay.

[18] Q: Not in the first element, but on [19] that page, the second one that starts, "forming [20] an outer electrostatic discharge guard ring".

[21] A: Okay.

[22] Q: And I'm going to refer to that [23] whole element up to the point where it says, [24] "removing said outer guard ring"

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the reason — he's talking (19) about the interconnection.

(20) Q: What part of the diagram is he (21) talking about?

(22) A: Oh, this part here. This Line A (23) is what he was referring to as the (24) interconnection.

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(1) Q: The interconnection of what?

(2) A: In this case, all of the gate (3) lines. And he was asked: Is it all the gates (4) lines? And he said, yes.

(5) Q: Okay. And then what did he have (6) to say about the reason for function of the (7) interconnection?

(8) A: Well, he was asked: What's the (9) reason to connect all the gate lines on Line A?

(10) And he said that my understanding (11) is that there are two reasons: The first reason (12) is that if the electrostatic occurs, these lines (13) are there to distribute and discharge the said (14) electrostatic. And number two reason is that (15) this is for the purpose of testing, so that we (16) could apply a voltage to this line and use this (17) for testing purposes.

(18) Question: So for testing, if you (19) apply a voltage on one gate line, that voltage (20) will be applied to all the gate lines; correct?

(21) Answer: As far as I understand (22) that, yes. That is correct.

(23) Q: Okay. Thank you. (24) If it was only — if the function

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(1) of the interconnection was merely to provide a (2) conductive path for ESD protection, would there (3) be any need to have an interconnection at all?

(4) MR. GOODWYN: Objection; leading.

(5) THE WITNESS: No.

(6) THE COURT: I'm going to overrule (7) the objection. But you have to be careful not (8) to have the answer in the question.

(9) MS. CORBIN: Okay.

(10) THE WITNESS: No, because there are other things.

(11) Just as the earlier solutions that were shown, you (12) can short all the lines to the outer guard ring (13) directly.

(14) BY MS. CORBIN:

(15) Q: But if you do that, can you test (16) — can you perform this two-point bulk test?

(17) A: No, you can't. But you distribute (18) the charge that way.

(19) Q: And did Dr. Holmberg — what did (20) Dr. Holmberg say was the first thing he tried (21) when he was trying to provide electrostatic (22) discharge pro-

tection?

(23) A: Well, he said the first thing he (24) tried was just shorting everything together, but

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(1) he wanted to be able to test.

(2) Q: And could he do that when he was (3) just shorting all the lines to the guard ring?

(4) A: No.

(5) Q: Does CPT interconnect (6) substantially all of its gate lines?

(7) A: No, they don't.

(8) Q: Does CPT interconnect (9) substantially all of its source lines?

(10) A: No, not at all.

(11) Q: Is CPT able to test any of its (12) products using the two-point bulk test that (13) you've described?

(14) A: No, CPT cannot.

(15) Q: Why not?

(16) A: Because the lines are not (17) interconnected. There's not one point where you (18) can put the same voltage on all the lines.

(19) Q: How does CPT test its products?

(20) A: They test with a different (21) technique, line by line testing. You have to go (22) to each line with two points to determine (23) whether it's continuous.

(24) And you have to go to each line

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(1) and, you know, each set of lines to check (2) crossover points.

(3) Q: And when you talk about each line, (4) for example, I don't think anybody's touched on (5) this. On an average display, they have a (6) 15-inch display.

(7) How many gate lines are there?

(8) A: Well, typically, in a 15-inch, you (9) would have 768 gate lines on an XGA display.

(10) Q: What about — how many source (11) lines?

(12) A: That would be 300 — 3,072.

(13) Q: So are you saying that CPT must (14) test each one of those several thousands of (15) lines in each individually?

(16) A: That's what I'm saying.

(17) Q: May I have Defendants' Exhibit 8, (18) please.

(19) Again, referring to Dr. Holmberg's (20) testimony from yesterday, during his testimony (21) he was referring to this figure, particularly (22) the one on the bottom. And do you recall what (23) he said about whether or not using this (24) configuration you would be able to perform the

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(1) two point volt test?

(2) A: Yes, he was asked if you had this (3) configuration and then the same configuration on (4) the source lines, could you test. And he said (5) no, you couldn't.

(6) Q: Okay. Thank you. (7) Now, before we move on, I want to (8) talk to you about schematics and their usage. (9) How are schematics used in electrical (10) engineering fields?

(11) A: Oh, they're just used widely to (12) summarize the electrical characteristics of a (13) circuit.

(14) Q: And if you pick up any electrical (15) engineering semiconductor device textbook, would (16) you find schematics?

(17) A: Oh, absolutely.

(18) Q: Would that same thing be true of (19) reference books?

(20) A: Yes. Yeah. In textbooks, (21) reference books.

(22) Q: Did you find any use of schematics (23) in the prior art that we're going to be (24) discussing later today?

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(1) A: Yes.

(2) Q: May we see slide 55, please. (3) And what do we see here and where (4) is this figure from?

(5) A: This is from an application by (6) Kawamura and he's shown here, for instance, a (7) layout for making diodes and then he illustrates (8) electrically what he's doing up here by this (9) schematic.

(10) Q: And what is shown — what is the (11) schematic up there on the top?

(12) A: It's two diodes, it's the same (13) pair of diodes that we see over and over again (14) in CPT's products.

(15) Q: Now, slide 56. During his (16) deposition, did Dr. Schlam himself make a (17) schematic?

(18) A: Yes, he did. He made this one (19) which we can blow up, in connection with the (20) CPT's diodes connecting a transfer pad to the (21) guard ring and they are the same design that's (22) used on the lines themselves. And so he labeled (23) — he showed them as pairs of diodes and he (24) labeled them as shunt switching elements. And

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(1) he showed the guard ring here as composed of (2) three elements in his view. And then he (3) indicated where he associated the resistance.

(4) Q: Okay. Could we see slide 59, (5) please.

(6) Dr. Schlam during his testimony (7) indicated that there was something misleading (8) about using schematics to